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Chairman: Mr. Park Hae-yun (Vice-Chairman) ..... (Republic of Korea)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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In the absence of Mr. Rosenthal (Guatemala), Mr. Park Hae-yun (Republic of Korea), Vice-Chairman, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 134: Financing of the United Nations Transitional Administration in East Timor (A/55/443 and Corr.1 and A/55/531)

1. **Mr. Halbwachs** (Controller) introduced the report of the Secretary-General (A/55/443 and Corr.1), which contained the proposed budget for the United Nations Transitional Administration in East Timor (UNTAET) for the period from 1 July 2000 to 30 June 2001. The proposed budget superseded the one contained in document A/54/769/Add.1. It reflected the results of the recent review of UNTAET requirements, and provided the resources needed for the reorganization of the Mission and its operations. It amounted to $592,306,800.

2. He reminded the Committee that the reorganization of UNTAET was intended to facilitate the establishment of the new Government and the handing over of responsibilities to the people of East Timor. The Special Representative of the Secretary-General would be assisted in his tasks by the Deputy Special Representative, the Deputy Transitional Administrator, and the Chief of Staff. The new organization charts appeared in Annex IV. The Office of the Special Representative was described in Annex IV A and paragraphs 33 to 86 of the report; the Transitional Administration was described in Annex IV B and in paragraphs 87 to 189. The Transitional Administration was composed of the transitional cabinet (which in turn comprised eight departments, four of which were headed by East Timorese and four by UNTAET officials) and three autonomous agencies. The Special Representative would retain the primary responsibility for the Transitional Administration. The Deputy Transitional Administrator would be responsible for day-to-day supervision of the administration.

3. Tables 1 and 2 of the report provided a general overview of the changes proposed, in terms of expenditures and personnel. Detailed explanations appeared in Annex I. The personnel would include the following: 120 military observers (instead of 177); 8,950 contingent personnel; 1,640 civilian police, including 1,350 police and 290 members of formed units; 4,080 civilian personnel, or an increase of 504 (30 international staff; 134 local staff; 6 administrators recruited at the national level; 334 United Nations volunteers). Those proposals took into consideration the observations and recommendations made by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) during its review of the previous budget.

4. With regard to expenditures related to military personnel, the increase in the number of contingent personnel resulted in an increase in personnel expenditures and in reimbursements for contingent-owned equipment and self-sustainment. That increase was partly offset by the reduction in the number of military observers and a decrease in certain technical costs, such as the unit cost of rations and the average rotation cost. As for civilian personnel, the estimates took into consideration an increase in the number of staff deployed, as well as the cost of deployment and the rotation of members of formed units. The operational cost of operations had declined, owing to a decrease in equipment purchases and the fact that no funds had been requested for the transport of contingent-owned equipment. The decision that the General Assembly was requested to take appeared in paragraph 9 of the report.

5. **Mr. Fox** (Australia), speaking also on behalf of Canada and New Zealand, noted with satisfaction that the revised budget proposed by the Secretary-General (A/55/443) took into account earlier recommendations of the Advisory Committee. He supported the recommendations formulated by the Advisory Committee in paragraphs 61 and 62 of its report (A/55/531) for a 5 per cent reduction in the proposed budget, which would bring it to $563 million. He also agreed with the Advisory Committee that consideration should be given to the role that the United Nations would play when UNTAET had completed its mission. In that regard, he noted with interest the priorities set by the Advisory Committee (A/55/531, para. 45), which requested that modalities for implementation should be urgently formulated, together with a timetable agreed upon by all the parties for handing over responsibility to an independent East Timor. He emphasized the remarkable range and depth of the assistance provided to East Timor by the international community. By way of example, he named the many countries from all regions of the world that were participating in the peacekeeping operations. Noting

with satisfaction that 72 per cent of assessments had been paid as of 31 October, he urged all Member States to pay their outstanding assessments, which amounted to $149 million.

6. **Mr. Lamek** (France), speaking on behalf of the European Union, the Central and Eastern European countries associated with the European Union, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, the associated country Malta and the European Free Trade Association country member of the European Economic Area, Norway, said that his delegation endorsed the Advisory Committee's recommendations and wished to reaffirm its support for the mandate of UNTAET. He recalled that the second donor conference for East Timor, held in June 2000 in Lisbon, had been crucial with respect to the activities undertaken in that country and that the third conference would take place at the headquarters of the European Commission in Brussels on 5 and 6 December 2000.

7. **Ms. Aragon** (Philippines) spoke on behalf of the countries members of the Association of South-East Asian Nations (ASEAN). Observing that, as at 30 September 2000, unpaid assessments had amounted to $262.3 million, she said that ASEAN urged Member States to provide UNTAET with the resources necessary to enable it to discharge successfully the numerous tasks entrusted to it under Security Council resolution 1272 (1999). She noted with interest the various functions assumed by each organization of the United Nations system in UNTAET operations and, in particular, the important role played by the United Nations Development Programme (UNDP) in infrastructure rehabilitation and capacity-building in public administration. Noting that the Advisory Committee proposed that the Mission's budget should be reduced from $592.3 million to $563 million, she sought an assurance that UNTAET would nevertheless be able to implement its mandate. She supported, in that regard, the Advisory Committee's recommendation that two additional posts of internal auditor should be created. On the other hand, she considered that the information provided in the Secretary-General's report fully justified the retention of the post of Chief of Staff at the Assistant Secretary-General level. Lastly, she subscribed to the Advisory Committee's recommendation that the unencumbered balance of $48.9 million should be credited to Member States.

8. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) introduced the Advisory Committee's report (A/55/531) on its consideration of the report of the Secretary-General (A/55/443) and of the most recent information on the use of the amounts appropriated by the General Assembly for the financing of UNTAET. The conclusions and recommendations of the Advisory Committee that had implications for the Secretary-General's proposed budget were contained in paragraphs 14, 16, 29 and 31 et seq. of its report, as indicated in paragraph 61. The Advisory Committee recommended that the General Assembly should approve the assessment of $363 million, taking into account the amount of $200 million already assessed. It also recommended that the unencumbered balance of $48.9 million should be credited to Member States (para. 62). In that connection, he pointed out that, since the usual deadline for the closure of accounts was three months, the accounts for the period ending 30 June 2000 should have been closed in September 2000. However, the amount of $48.9 million had not yet been verified by external audit. He asked the Secretariat to specify when the verification of $48.9 million and crediting to Member States would take place.

9. **The Chairman** said that, if he heard no objection, he would take it that the Committee had thus concluded the general debate on agenda item 134.

10. *It was so decided.*

Agenda item 124: United Nations common system (*continued*) (A/54/483; A/55/30 and A/55/526)

Agenda item 125: United Nations pension system (*continued*) (A/55/9 and A/55/481; A/C.5/55/3)

11. **Mr. Bel Hadj Amor** (Chairman of the International Civil Service Commission) responded to the comments made in the general debate on agenda item 124. He noted the interest expressed in the framework for human resources management, which would constitute a tool for modernization. The Commission would take up its separate components on a systematic basis in the years ahead.

12. He expressed satisfaction that delegations supported the review of the pay and benefits system. He emphasized that every point raised would be discussed and that all viable solutions would be examined. The Commission would continue inter alia

to consider the system of broad banding, the General Assembly not yet having taken a decision on the matter. While it had been stated during the debate that only a minority of the private sector organizations that had implemented the system were satisfied with it, it had been reported in a recent article published by the American Compensation Commission that a majority of the organizations surveyed considered that broad banding was in fact a highly effective human resources management tool. He added that, contrary to what one speaker had said during the debate, all broad banding systems utilized some form of job evaluation and therefore related more closely to the labour market.

13. Replying to a comment regarding the importance of maintaining the post-based job classification system, he indicated that qualifications were already taken into account in determining job classification standards. The current discussion of job classification standards related to the need to adapt them to reflect the evolution of the nature of the work.

14. In order to ensure that there was confidence in the grade equivalency study, it had been necessary to devote significant human resources to it. The Commission would, however, look into the possibility of computerizing the process prior to the next study.

15. With regard to the observation that the Commission should consider raising the minimum basic salary scale in real terms, any new system had a cost and the question of increases was a matter for Member States. He recalled that the Commission had made recommendations to the General Assembly in both 1995 and 1996 to increase the base/floor salary scale in real terms, by 9.5 and 4.5 per cent respectively, but the General Assembly had granted only a 0.4 per cent increase effective 1 January 1997. The Commission was acutely aware of the issue of the margin at the D-1 and D-2 levels and its view, shared by the organizations, was that the matter could only be resolved in the context of a real salary increase.

16. It would be premature for the Commission to begin consideration in June 2001 of a final report on a new scheme for the pay and benefits system. It had already started, in a series of working groups, to look at the issue, but it expected to be studying the matter for some two years. The Committee would be kept informed of progress on that extremely important matter.

17. In view of the complexity of the entitlement to the education grant, the Commission would address the matter in the context of the pay and benefits system. Comments demonstrated that the education grant was an important attraction factor for expatriate staff. With regard to the postponement of the revision of the common scale of staff assessment rates, the Commission had considered updating that scale in 1998 and again in 2000, but had concluded on both occasions that, as tax brackets were normally adjusted annually for inflation, and taxes at the seven headquarters duty stations had moved so minimally, there was no need to change the scale. In reference to the standards of conduct required from international civil servants, he reminded the Committee that the Commission had not yet reported with final revised standards because it had yet to succeed in obtaining the consensus it considered essential. It would, however, do its very best to satisfy the Committee's request in regard to that matter in 2001. As for the review of the international civil service, it was for the General Assembly to decide if such a review was needed and, if so, what it wished to achieve from that review, given that the Commission's work programme was currently aimed at strengthening the international civil service.

18. **Mr. Civili** (Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs) said that he had made a careful note of the observations that had been made on the matter of the common scale and, in particular, with regard to the report of the Secretary-General on strengthening the international civil service (A/55/526). It went without saying that, as the Chairman of the Commission hoped, the Commission and its secretariat should be fully involved at every stage of the review of the International Civil Service Commission should the General Assembly decide that such a review should take place.

19. **Mr. Gieri** (Chief Executive Officer of the United Nations Joint Staff Pension Fund), speaking in response to several questions raised in the course of the debate on agenda item 125, said that the United Nations Joint Staff Pension Board had proposed a new article 35 bis of the Regulations of the Fund, which had been approved by the General Assembly in 1998, under the terms of which cover would be extended to the divorced spouses of former participants who had separated from service before 1 April 1999, provided that the five eligibility conditions set out in the article were met. Concerns to protect acquired rights and

cover a large number of persons had led the Board to propose to provide a new benefit for that closed group of divorced surviving spouses rather than the sharing of the normal surviving spouses benefit.

20. Given the tripartite composition of the Board, it had striven, as was its practice, to reach consensus on the question of whether the amount should be set at two or at three times the minimum surviving spouse's benefit. A consensus had been achieved on recommending that the benefit should be set at two times the minimum surviving spouse's benefit, although the Federation of Associations of Former International Civil Servants (FAFICS) and some participants' representatives favoured the alternative. The Federation had also pressed for the elimination of two of the eligibility conditions set out in article 35 bis and modification of a third. The five criteria had been developed by a tripartite working group and approved by the General Assembly. They had been developed with a view to making article 35 bis socially useful, relatively simple to administer and financially acceptable. The Board had taken the position that the eligibility should not be modified until further experience had been acquired in implementation of the current provisions of article 35 bis.

21. With regard to the issue of domestic partnership, and as indicated in paragraphs 184 and 185 of the report of the Board (A/55/9), the Board had considered a preliminary report which had generated an extensive exchange of views, although no specific proposals had been made. While some on the Board favoured proceeding with a further study, others were strongly opposed. It had finally been agreed that the Chief Executive Officer should prepare a study, purely for information, for review by the Standing Committee in 2001, which would not be limited to domestic partnerships. The role of the Standing Committee would be restricted to observations on the study, given that responsibility for any action remained with the Board. During the general debate on the issue in the Fifth Committee and in other bodies it had emerged that measures had already been or were being taken in some countries to allow surviving partners to make pension claims. However, for the time being the Board would restrict itself to collecting information and carrying out assessments of the implications, if any, for the pension system. Any concrete action would require a recommendation by the Board and the approval of the General Assembly.

22. **The Chairman** said that, if he heard no objection, he would consider that the Fifth Committee had concluded the general debate on agenda items 124 and 125.

23. *It was so decided.*

The meeting rose at 11.05 a.m.